

areas, whether it is defense or health care whatever it might be, let's figure out what the right amount is for that area. Then let's look for a system that allows us to collect that in a straightforward, easy to comply with, fair basis. I don't think our current Tax Code meets any of those criteria.

I have made a living for a long time helping people comply with the complexity of it. You know, a lot of my colleagues are in the same boat. But this current system is unworkable, and it leads us down the wrong path.

As you have mentioned, we are now under 1,400 days away from the largest tax increase America has ever seen with the expiration of the current tax rate and the current tax schemes as it relates to the death tax.

We don't know if those are the right ones or not, but they are the ones we have got. The ones we have had in place since 2001, I think, in no small part have contributed to the growth of this economy, have contributed to taxpayers being able to have more of their own money, to put that investment back into their families, businesses and other things. The current tax rates are working, and to the extent that they expire and have automatic increases is unfortunate.

I understand we are about out of time. I appreciate getting to join you late in the hour.

Mr. SHUSTER. We certainly appreciate you coming here over the past several weeks. It is always good to have a CPA on the floor to be able to correct us when we spout off a number that is not quite accurate. You have been able to do that a number of times with us. We appreciate it.

I just want to point out again to people that may be watching tonight, such as a CPA, a small business owner. I was a small business owner. We all have children. Your children, I know, are grown now.

Mr. CONAWAY. Grandchildren.

Mr. SHUSTER. But it is important in America that small business owners and families are not burdened with these heavy taxes. We have to keep them low.

I think the gentleman from Kentucky might have a final passing word.

Mr. DAVIS of Kentucky. I want to thank everybody for joining us. For those of you who are regulars and are corresponding with us, we appreciate your joining us and contacting us at countdowncrew@mail.house.gov.

We believe that the key is not raising taxes; it is creating taxpayers to project economic growth and opportunity for the future. Our backbone is of small business owners that have created the jobs, created the vision, have created the innovation that have helped make this country great. We want to continue standing by you and the working families of America.

With that, Mr. Speaker, we yield back the balance of our time.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. ARCURI). The Chair would remind Members to address their remarks to the Chair.

THE ECONOMY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 18, 2007, the gentleman from Maine (Mr. MICHAUD) is recognized for 60 minutes as the designee of the majority leader.

GENERAL LEAVE

Mr. MICHAUD. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days with which to revise and extend their remarks and include extraneous material on the subject matter of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maine?

There was no objection.

Mr. MICHAUD. At this time, I know the gentleman from Wisconsin has another meeting he has to attend, so I would recognize the Congressman STEVE KAGEN from Wisconsin.

Mr. KAGEN. Thank you very much, Congressman MICHAUD. I certainly appreciate being with you this evening, especially after an enlightening hour of finding out that really they weren't borrowing and spending money.

But, indeed, this is the class of 2006. We were elected to take a positive change in a new direction. We are not the party of borrow and spend and borrow and spend. Because as you all know, the first two letters of borrow and spend are B and S. We are here this evening to talk with you about our trade policies. Indeed, our foreign trade with China has become entirely a negative number.

In this brief slide, the 2006 trade deficit will show you that the United States is losing. We have lost \$233 billion a year in 2006. In the first 2001 numbers, \$83 billion deficit has mushroomed to \$233 billion.

In 2006, China ranked as the fourth largest export market for the United States and the second largest import market. They are our trading partner. We have had the American century, and now we are moving into what will become the Chinese century. But we should be ordered in the rule of law, and unfortunately for us here in the United States, we suffer because they are not following all of the laws.

In a recent article in The New York Times, it reads in part that the Chinese's real advantage results from subsidies. They include government grants for modernization, low-cost loans, debt forgiveness, tax breaks for export or businesses and subsidies for suppliers of wood and pulp, something we are keenly aware of in Wisconsin, in my district, which used to be known as Paper Valley.

According to government data available from the Chinese government

themselves, more than 70,000 illegal seizures occurred of private property, of land in 2004. In 2003, the Chinese admit that 168,000 occurrences of seizures took place.

□ 2045

Well, this is what happens in a Communist country, and it is to their advantage.

The subsidies: According to our own U.S. Trade Representative, "The Chinese subsidies at issue are widely available and offer significant benefits, particularly through income and value added tax breaks. They make it harder for U.S. products to compete with Chinese products, not only in the U.S. and Chinese markets but in any market in the world. They accomplish this by providing a competitive advantage to a wide range of Chinese exports, including, for example, various steel products, wood products, such as hardwood, plywood and paper products, and by providing incentives for Chinese firms to purchase domestic products instead of those from the United States."

United States' manufacturers and exporters are suffering because there is another trade partner of ours that is not following the rules. Indeed, 15 to 20 percent of all products made in China are counterfeit materials. They need to follow the rules.

On this slide is a measure of their unfair trade. There are three things primarily that China is not complying with: currency manipulation, their yuan is below where market prices would bear the price; illegal subsidies; and illegal grants, grants given to companies that have no intention of paying them back. And what can we do about this? We really need balance in our trade deals. We don't need free trade; we need fair trade.

How do we fix an unfair trade deal? We need new leadership in the administration. We need a President and an administration that is interested in fair trade. And what must we do? We must establish fair trade and export our values, not our jobs. After all, if we don't make anything in America, we simply won't have anything.

Mr. MICHAUD. Thank you very much, Congressman KAGEN. This has definitely been enlightening. I really appreciate all the charts that you have. And you are absolutely right, the American people want the new direction for this country and are very pleased particularly with the freshman class, yourself leading the charge to make sure that we do have fair trade agreements. I want to thank you for your time coming to the floor this evening to talk about this very important issue.

I would now like to recognize another freshman Member of the 110th Congress class, the gentleman from Illinois who has taken a real leadership role as well on trade, but also on veterans affairs issues where he replaced a former colleague in this body, Lane Evans, who has been a mentor and has been a leader also on veterans' issues. I would like